

WEL Networks Sustainability Statement - 2022

Background

WEL Networks (WEL) is an electricity distribution business fully community owned by the WEL Energy Trust.

The Management and Board of WEL Networks are committed to running the business in a way that is sustainable and embraces the principles of corporate social responsibility because this is the right thing to do for our staff, our community, our shareholder and our environment.

The wellbeing of our staff and of our community is of utmost importance to us. We demonstrate this through ensuring strong safety performance, being a good employer and providing reliable and low cost electricity to our community.

Throughout its operations, WEL strives to be an environmentally responsible organisation. This year we have continued to deliver sustainability initiatives addressing our social and environmental responsibilities within our community.

We've enhanced our Company vision statement to align with our overarching E³ Strategy, in particular our focus on sustainability. Our Vision statement has become: To create and support an innovative and sustainable energy future.

Strategic Activity Areas

We remain committed to four of the United Nations' Sustainable Development Goals (SDGs) where we can make the most impact and generate the most synergy with our strategic direction. In this way we believe we will add the greatest value and have the largest impact on business performance. Our alignment with the SDGs helps us achieve a vision that encompasses being:

- ▶ an **employer of choice** that embraces diversity and where employees are valued and treated well, ensuring that the attraction and retention of staff does not become an obstacle to running a successful business
- ▶ an ethical, values-based business that **recognises our community as a key stakeholder** and implements aspects of the strategy to explicitly support the community, particularly those suffering energy hardship
- ▶ a sought after commercial partner, recognised for our network resilience and our **innovation** in steering the community into the future, embracing new ways of managing the changing energy market while **providing customer centric and resilient solutions**

The following strategic activity areas support our Company values and are directly related to the activities encompassed in our strategic plan.



Employee Relations, Welfare, Diversity and Inclusion

Aligned to UN Sustainable Development Goal (SDG) 3 Good Health and Wellbeing

To promote a positive workplace for WEL staff through a commitment to best practice employment processes.

The WEL Balanced programme, focussing on employee wellbeing and wellness has included the following activities:

- ▶ Bowel cancer screening kits made available to all staff, with uptake of 120 kits
- ▶ Income Protection insurance added to Medical and Life Insurance support for staff
- ▶ Extended flexible working initiatives, sick leave cap has been increased to 100 days and Nine Day Fortnight flexible working approved
- ▶ Flu vaccinations offered for all staff and their partners
- ▶ Mental Health Awareness Week message – Take time to korero has been promoted to all employees through various channels
- ▶ Southern Cross BeingWellPlus self-service website launched - expert advice to improve health and wellbeing in the workplace
- ▶ Initiatives to encourage participation in wellbeing activities such as encouragement of participation in the Aotearoa Bike Challenge, WEL touch rugby and football teams

We have kept staff safe through the Covid-19 pandemic by initiating the following programmes:

- ▶ Additional flexible working arrangements including working from home
- ▶ Comprehensive work protocols initiated including operating field crews in team/functional bubbles
- ▶ Providing care packs for those staff impacted and forced to isolate due to the pandemic

Strengthening Connections

An emphasis on overall wellbeing and ensuring our Operate and Restore team members are equipped with the tools they need to ensure they are *Good to Go* were key themes of a recent training day.

WEL's Operate and Restore team spent the day in the office catching up on business updates and training. The team of 15 spend a majority of their time in the field responding to faults.

“Ensuring our Operate and Restore team remains connected to our business is integral. It's really important that we get the guys together on a regular basis. It's a good opportunity for us to highlight key updates from across the business including Health & Safety, and if there's anything specific regarding training and/or just to have open discussions,” Supervisor First Response and Overhead Lines Hamish Thomson says.



Community Initiatives

WEL supported a number of community initiatives with our staff getting in behind a range of organisations who are doing great work in our community.

Below is a snapshot of our activities during the year.



Pink Shirt Day

Every year, one in 10 workers in Aotearoa report being bullied in the workplace. By taking part in Pink Shirt Day, we are part of a powerful movement to spread aroha and kindness and end bullying.

We embraced Pink Shirt Day with pink cupcakes and staff were encouraged to wear pink.

Removing Barriers for Women

We've donated over \$2000 worth of period products to Pukete Neighbourhood House which is continuing to remove barriers for the many women they support.

"This donation will help us to continue to support the women in our community, and begin to reduce the stigma around periods. Period Poverty is a real thing, and the contribution from WEL Networks is a huge help in improving the lives of everyday women. No matter the situation, we want our women to be confident, feel comfortable and continue to live the lives they want.

"Without the support from WEL, it would be extremely difficult to achieve such outcomes. Thank you," Pukete Neighbourhood House Business Development Manager Scott Tiffany says.

Christmas Spirit

WEL donated \$500 worth of presents to Kids in Need Waikato.

The local charity supplies personalised care packs for children being cared for by someone other than their biological parent.

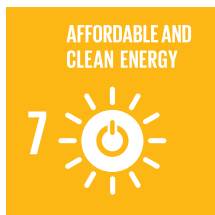
“We are so grateful to WEL Networks for their donations towards our Christmas campaign. We are supporting more families than ever this Christmas and every single gift donated makes a huge difference. Thank you for spreading some Christmas magic to children who are being raised by someone other than their parent,” Founder Linda Roil says.



Supporting Tonga

WEL Networks, alongside the Hamilton City Council and local businesses, helped support Tonga's recovery efforts after the devastating volcanic eruption on January 14, 2022.

The cost of freight was identified by the Tongan community as a barrier to getting supplies to the right places in Tonga to support relief efforts. At WEL Networks we were in a position to do our bit to support our Pacific neighbours so we donated \$5,000 to the Waikato Tongan Community Trust.



Sustainable Community

Aligned to UN Sustainable Development Goal (SDG) 7 Affordable and Clean Energy

Invest in the future of the local community and address energy hardship through the provision of an affordable, reliable and safe supply of electricity:

- ▶ Operation of the OurPower retail platform to provide cheaper retail electricity to the wider Waikato community, now with almost 3,000 customers, saving over \$2.4M. OurPower initiated meetings and hui with local community groups to understand how to better support those in energy hardship, with Energy Navigators now working with Waikato community organisations to identify and provide wider social services to those in need
- ▶ No serious harm in the community from our network assets and operations through the ongoing effective implementation of our public safety management system
- ▶ WEL subsidiary, Raglan Local Energy, a peer-to-peer trading platform that enables excess solar generation to be sold between customers has been trialling newly developed software, with WEL as a Distribution System Operator, managing energy from generation to final consumers



Preparing the electricity network for the future

WEL Networks and Raglan Local Energy have launched an electric vehicle (EV) smart charging and distributed energy resources (DERs) trial.

To prepare the electricity network for the future, the three-year Raglan-based trial uses smart charging units to understand the way EV drivers charge their vehicles at home and the integration impact on the WEL network.

The trial, made up of 10 Raglan-based EV owners, uses smart chargers that are fully integrated into WEL's Distributed Energy Resources Management System (DERMS). This platform allows multiple devices to be controlled remotely (including EV chargers, solar, battery storage etc.) using artificial intelligence with benefits for customers, including household level protection from overloading due to increased electricity consumption and lower running costs.

The objective of the trial is to enable a better energy future for customers using a data-driven innovative service model, to improve the economics and appeal of EVs by shifting charging from times of the day when energy is more expensive to off-peak periods, and when wholesale prices are low – typically when wind and solar are generating strongly.

As part of the Government's push to drive down greenhouse gas emissions, the electrification of transportation is one of the biggest opportunities we have in the energy sector to help New Zealand achieve a low-carbon economy. As EV uptake increases, the EV network integration will have a significant impact on energy affordability and network reliability.

Public Safety - Pillar Box Safety



Our latest safety campaign encourages the public to be careful around pillar boxes.

Pillar boxes play a vital role in getting power from the street to houses by connecting the property's underground electricity cable to WEL's underground network.

Under each pillar box are cables and fuses supplying 240 volts of power to the home it sits outside.

If a vehicle hits them, even at low speed, the live contents of the box can be exposed causing significant injury, or worse for anyone who comes into contact with it.

Pillar box safety is one of the many public safety campaigns we run as part of our commitment to enhancing the safety leadership role we play within our Waikato communities.



Electric Blanket Testing

Twenty-two dangerous electric blankets posing a fire risk to the Waikato community have been removed from circulation thanks to WEL's involvement in a free electric blanket testing event that was held in June.

The Hamilton City Fire Station staged the public event that saw around 350 blanket tests carried out by WEL and Alpha Electrical.

This event was a great way to give back to the community and keep members of the public safe.

Electric blanket testing was also carried out at the Ngaruawahia Fire Station.

Electrical Safety Training for Emergency Services Personnel

Specialised training has been provided to the Ngaruawahia Volunteer Fire Brigade, local members of St John and the Serious Crash Unit.

The purpose of the presentation, Electrical Safety for Emergency Services Personnel, is to ensure personnel stay safe around power. The presentation provides increased awareness of the dangers and what personnel can do to keep themselves and the public safe.





Resilient Infrastructure

Aligned to UN Sustainable Development Goal (SDG) 9 Industry Innovation and Infrastructure

Build resilient infrastructure and promote sustainable and innovative development of network assets

- ▶ The WEL micro grid continues to be developed and upgraded. Additional solar PV generation has been added to the micro grid, with an additional 62kW added this year. An optimisation app for the micro grid is controlling the energy sources to meet electricity demand at the Maui St complex.
- ▶ WEL monitors the average amount of time that customers experience an outage (SAIDI) as an indicator of network reliability and resilience.
- ▶ The new Asset Management Plan has been approved, providing a pathway for the development and operation of the network over the next 10 years. This plan includes the requirements for the increased electrification of the Waikato community and industry as we move towards a lower carbon future and the electrification of everything.





An example of a Battery Energy Storage System (BESS).



From left: Infratec Chief Executive Officer Grant Smith, Power Electronics NZ Managing Director Mark Duncan, WEL Networks General Manager Energy Services Kerry Green, Infratec General Manager Business Development Nick Bibby and Power Electronics NZ Operations Director Brent Sheridan.

New Zealand's First Utility Scale Battery Energy Storage System (BESS)

WEL Networks and Infratec have entered into major contracts for the supply and build of New Zealand's largest battery storage facility.

The project will play a pivotal role in the reduction of emissions in the Waikato and will support New Zealand's Net Zero goal of becoming 100% renewable by 2030.

This is an exciting development which will deliver significant value to WEL's network customers. The battery will support the charging of electric vehicles, maximising the benefits of solar power and providing back up during grid emergencies.

Construction on the 35MW Battery Energy Storage System on Rotowaro Road in Huntly will start in 2022.

The battery will store enough energy to meet the daily demands of over 2,000 homes and be capable of providing fast reserves support for the North Island grid.

WEL Networks and Infratec are also exploring new solar farm options that will complement the battery storage in an effort to ensure the lowest costs of renewable power to local consumers.

Infratec

2022 marks an important year for our subsidiary Infratec as it transitions to the build phase of utility-scale projects that have been through the development and consenting process over the last two years.

These projects reflect Infratec's strategic approach to diversify its revenue with a mix of traditional EPC and new generation assets, in both the solar PV and energy storage technologies.

- ▶ **Lodestone Solar Farm EPC Portfolio:** Infratec is negotiating contracts to construct 250MW of solar PV for Lodestone Energy Ltd, an independent power producer based in New Zealand. The construction work is across five sites, with the portfolio expected to be completed over the next three years.
- ▶ **Naumai Solar Farm:** A development purchase from Lightyears Solar, Naumai is a 4.5MW PV Solar Farm located south of Dargaville. With construction starting late 2022, the array will be the WEL Groups' first solar generation asset.
- ▶ **Te Ohaaki Solar Farm:** The 30MW solar PV Te Ohaaki project is located in the northern Waikato. Developed in conjunction with WEL Networks, and due to commence construction in 2022, this project will be the WEL Groups' largest solar array and generation asset.
- ▶ **Pacific:** Infratec continues to show leadership in the Pacific with the ongoing support to the construction of projects in Tonga's outer islands. These projects are critical to providing reliable energy to communities hard hit by the volcanic eruption in 2022.
- ▶ **Additional EPC projects:** In 2022, Infratec will construct multiple solar projects for other distribution companies including Eastland Networks 4.5 MW solar PV array, currently on track to be New Zealand's first airport-based solar array.

Supporting Commercial Innovation

As the world's energy focus shifts to renewables and long-term sustainability – it's good to know looking ahead is already a big part of what drives us in the first place.

With world-class energy expertise, we're excited to be at the forefront of the EV evolution and working with ambitious organisations such as Wintec to shape a better, more renewable future – together.

WEL Networks have installed the first electric vehicle charging infrastructure at Wintec to support their transition to an all-electric vehicle fleet.

The Wintec charger installation project was the first major opportunity for WEL Networks' Energy Services division to test its capabilities and systems for commercial charging solutions.

The chargers are capable of 3 phase AC (for future-proofing) and can charge up to 22kW each. The chargers are able to connect to the internet and WEL are providing an operations and maintenance service for Wintec to maintain their chargers and to provide reporting of benefits.

The nine Etrek Inch Pro, tethered chargers (the cable is permanently attached to the charger) are all connected with demand management which means that WEL were able to install these on an 80A supply board. The chargers are easy to use and are providing a great customer



experience for Wintec staff.

This mitigates the need to upgrade the board which is expensive and the system automatically limits the total demand to 80A so that the supply is protected. This is great for the customer and great for WEL because we are minimising overloading the network.

Large amounts of EV charging at the same time can increase peak loading causing low voltages and assets to overload which puts pressure on the network. We have provided an end-to-end solution for Wintec.

In alignment with one of the components of our E³ Strategy *Explore Energy Services*, which outlines the future direction of our business, this project is one of many that supports and responds to the EV shift in consumer behaviour.

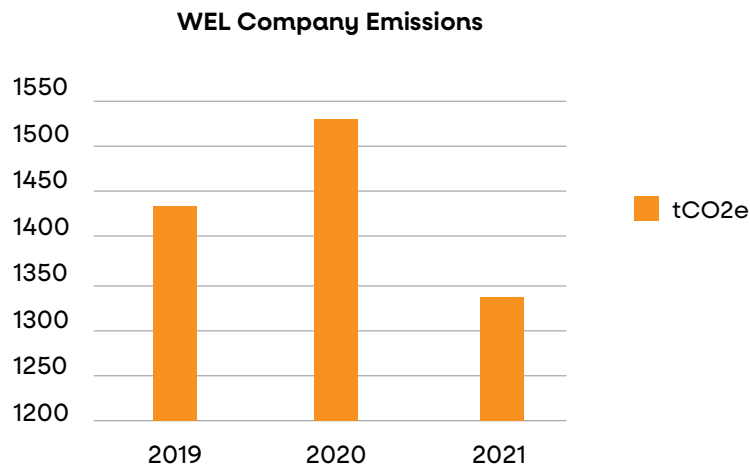


Greenhouse Gas Emissions

Aligned to UN Sustainable Development Goal (SDG)13 Climate Action

WEL continues to review its greenhouse gas emissions with a view to reducing the relative impact of its emissions over time. The 2018-2019 financial year is the baseline against which future appraisals will be compared.

- ▶ Toitū carbonreduce certification was successfully retained again for the year, with an 11.9% reduction in Scope 1 and Scope 2 emissions when compared to the baseline year



**Figures exclude WEL subsidiaries and T&D losses*

- ▶ Additional solar PV capability has been added to the generation mix for WEL's offices. 62kW of solar panels have been installed, bringing the total solar PV capacity on site to 151kW.
- ▶ The installation of 4 additional EV chargers on the Maui Street site supports the addition of new electric vehicles in the fleet. WEL is progressively upgrading its small vehicle fleet to EVs by removing fossil fuelled cars and SUVs. Future vehicle planning now identifies EV and hybrid technologies as WEL's first choice of vehicle, where technology permits.
- ▶ Recycling programmes are in place for glass, metals, plastics, paper and cardboard, e-waste and batteries, transformer oil, office furniture, timber pallets and green waste to reduce waste to landfill from WEL operations.

Reducing WEL's Carbon Footprint

To play our part in reducing carbon emissions, we have replaced a number of existing SUVs with new Kona electric vehicles (EVs).

This brings the total number of EVs and hybrid vehicles in our fleet to 18. These include 8 Hyundai EVs; 4 Toyota Rav 4 hybrids, 3 Ford Transit hybrid vans, 1 electric EWP truck, 1 hybrid EWP truck and 1 4x4 EWP truck retrofitted with Smart PTO (An electric power take-off unit that eliminates the need for idling trucks in the field for boom operation and cab comfort).

As part of our vehicle replacement plan next year we're looking at replacing an ICE SUV with an EV, installing 2 Smart PTO units on existing EWP trucks, and sourcing an additional 4 EWP trucks with Smart PTO units.



We have also installed two Etrek Duo Dual 22kW chargers in our depot. These chargers are connected to our micro grid to enable charging with solar power and conduct other smart demand management testing.

This is an exciting time in our sustainability journey as we implement ways to reduce WEL's carbon footprint.



Supporting the Environment

Members of our overhead line team traded tools for shovels as part of a team building day.

The team of 20, planted 1,000 native wetland plants including mānuka, tī kōuka, kahikatea, patē and karamū at Minogue Park as part of the Kahikatea Restoration Project to establish more 'Nature in the City'.

The team building day was a great opportunity to give back to the community.

WEL Networks staff also headed to Ruapuke beach south of Raglan for a planting bee organised by Coastcare Waikato to speed up regeneration and restoration of the area.

